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RUEHLO/AMEMBASSY LONDON PRIORITY 1263
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RUEHFR/AMEMBASSY PARIS PRIORITY 1722
RUEHRB/AMEMBASSY RABAT PRIORITY 8321
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0055
RUEHCL/AMCONSUL CASABLANCA PRIORITY 4060

C O N F I D E N T I A L SECTION 01 OF 02 TUNIS 000192

SIPDIS

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NEA/MAG FOR HOPKINS AND HARRIS, EB/CBA (WINSTEAD)
STATE PASS USTR (BELL)
USDOC FOR ITA/MAC/ONE (NATE MASON), ADVOCACY CTR (JAMES)
CASABLANCA FOR (FCS ORTIZ)
LONDON AND PARIS FOR NEA WATCHERS

E.O. 12958: DECL: 02/02/2017
TAGS: ETRD FAIR ELTN EWWT ECON TS
SUBJECT: MOVING FORWARD WITH PLANES AND TRAINS AND MARITIME
PORTS

REF: A. TUNIS 132

1B. TUNIS 119
1C. TUNIS 105

Classified By: Ambassador Robert F. Godec for reasons 1.4 (b) and (d)

Summary

11. (C/NF) During Ambassador's January 29 courtesy call on Abderrahim Zouari, Minister of Transport, discussion ranged from modernization of Tunisia's transportation infrastructure to the Minister's desire for a stronger relationship with US counterparts. The Minister expressed GOT interest in Open Skies and maritime transport agreements with the United States. He would also like to see more US business involvement in Tunisia's upcoming transportation projects to create greater competition. The Minister suggested that Boeing follow Airbus' example and manufacture aircraft parts in Tunisia, hinting that this would enhance Boeing's chances of winning future GOT aircraft purchase tenders. Ambassador said that transportation was an important and strategic sector and that GOT and USG should explore ways to cooperate and strengthen the relationship. Ambassador raised the possibility of US trade missions and other visits to Tunisia in order to encourage greater cooperation. End Summary.

Aircraft

12. (C/NF) Minister Zouari opened the meeting with a discussion of the planned changes within the air transport sector in Tunisia. According to the Minister, there is an aging fleet of approximately 60 planes among the various Tunisian airline companies. TunisAir has a five year plan (between 2007-2012) to replace 10 to 12 aircraft with a longer term goal of replacing its entire fleet (29 planes). Zouari also mentioned the pending merger of Karthago and Nouvel Air, private airline companies that operate charter flights between Tunisia and Europe. These two airlines also

have an aging aircraft fleet, (Karthago has six Boeing 737-300 aircraft and Nouvel Air has 12 Airbus 320-200 and two Airbus 321-100). Ambassador asked that new aircraft procurements be awarded via a fair and transparent process and that Boeing receive full consideration. The Minister said that Airbus currently manufactures aircraft parts in Tunisia and indicated that Boeing should also consider manufacturing aircraft parts in Tunisia. The implication was that it would be easier for Boeing to win future aircraft procurement contracts if it were manufacturing aircraft parts in Tunisia. Zouari stated that he is interested in discussing further cooperation between Boeing and GOT. (Note: Ambassador subsequently met with Mr. Derek Marble, Boeing's Technical Service Representative in Tunis, on February 2, and relayed this information. End Note).

Open Skies

¶3. (C/NF) The Minister then expressed his desire for an Open Skies Accord with the United States. He said that GOT had negotiated accords with EU, Arab, and African countries but that it did not have an accord with the United States. GOT's hope is to commence direct flights between Tunisia and the United States, perhaps starting with a Tunis-New York-Tunis route. He mentioned that the current Tunis-United States flight option is a Delta Airlines codeshare agreement with TunisAir and Air France to provide service via Paris. Ambassador asked if there had been an FAA visit to Tunisia and if TunisAir was certified to fly to the United States. The Minister said that the FAA has not visited Tunisia but he would welcome such a visit and further collaboration in this area.

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Upcoming Projects

¶4. (C/NF) Zouari said he hoped that more US companies will become involved in several planned BOT (build, operate, transfer) transportation sector projects. These include a deep water port at Enfidha, a container terminal at Rades, an upgraded cruise ship terminal at La Goulette, and an expansion of the Bizerte port. The Minister said that the Enfidha international airport tender is in the pre-selection stage and a consortium that includes a US company (NFI) is apparently included on the short list. There are also logistics, tourist, and industrial zones planned around these projects for which the Minister would like to see increased US business interest. Besides aviation and maritime projects, Zouari said that the GOT plans to overhaul and further develop its railroad infrastructure, including a rapid rail network around the Greater Tunis area, planned for completion by 2021. Zouari said that this 85km rail project is projected to cost approximately \$3 billion with \$700 million earmarked for the 2007-2011 time frame. Traffic congestion problems facing Tunis and Sfax is another area that the Minister said will be addressed in the next five years. He indicated that some type of light rail/metro system for Sfax is in the planning stage. The Minister said that the GOT is also in the process of expanding bus routes and modernizing its bus fleet a to cover the greater Tunis area.

Bilateral Cooperation

¶5. (C/NF) The meeting concluded with the Ambassador emphasizing that the transportation sector is important both strategically and from a security perspective and discussing ways to develop a stronger bilateral relationship in these matters. The Minister suggested that more US

businessmen/companies visit Tunisia to "develop the relationship." He indicated that Tunisia had good relations with its Libyan and Algerian counterparts in this sector but it had yet to create such relations with US counterparts. He would like to see more US content in transportation sector projects. Zouari said that more US company involvement would not only improve competition but would also give Tunisia more choices beyond just EU partners.

¶6. (C) Ambassador raised the possibility of a US trade mission to Tunisia and other visits, adding he would seek to encourage them. Ambassador indicated that we could seek to include on any such delegations representatives from the transportation sector (i.e. maritime and aviation delegations). Ambassador also requested that the Ministry notify the US Embassy Commercial Section of any upcoming tenders/projects.

Comment

¶6. (C/NF) Ambassador's courtesy calls on ministers involved in infrastructure building and trade (reftels) suggest that the GOT is looking for a stronger business relationship with the United States and increased US investment in Tunisia. The primary motive may be to generate more competition, options, and better financing prospects for major infrastructure projects. However, the GOT hopes for stronger relations may also help foster the necessary reforms to attract greater US business interest. The GOT is talking the talk, but it is still unclear if they are willing to walk the walk. End Comment.

GODEC